



FINANCIAL DATA

Week ending: June 28, 1978

The commercial bank prime rate has been increased by 75 basis points since early May of this year. One way to view this increase in perspective is to consider the revenue and cost to banks from lending additional funds at the prime rate when the funds are raised by issuing large negotiable certificates of deposit. An important consideration in examining the total cost of issuing certificates of deposit is the reserve requirements on time deposits. For time deposits with initial maturities of 30-179 days, reserve requirements are 3 percent on the first \$5 million and 6 percent on the rest. For most large banks, required reserves rise by 6 percent of the value of an increase in short-term certificates of deposit.

To illustrate how reserve requirements influence the total cost to banks of issuing additional certificates of deposit, suppose a bank issues a \$100,000 certificate of deposit at an 8 percent interest rate with a maturity of less than 180 days. On an annual basis the interest cost is \$8,000. The bank is required to increase its reserves by \$6,000, leaving \$94,000 to lend. The \$8,000 in annual interest is 8.51 percent of the \$94,000, which to the bank is the effective interest rate for obtaining loanable funds.

The table below presents the interest rate on 90-day certificates of deposit, adjusted for reserve requirements (see market rate adjusted), and the prime rate since late March of this year. The spread between those rates has narrowed since late March, when short-term market rates began rising sharply.

Prime Rate Compared to the Cost of Issuing Short-Term Negotiable Certificates of Deposit

Interest Rate on 90-day
Certificates of Deposit

Period (Average for week ending)	Market Rate	Market Rate Adjusted	Prime Rate	Difference
1978 March 31	6.86 %	7.30 %	8 %	0.70 %
April 7	6.95	7.39	8	0.61
14	6.99	7.44	8	0.56
21	6.94	7.38	8	0.62
28	7.14	7.60	8	0.40
May 5	7.24	7.70	8	0.30
12	7.27	7.73	8.25	0.52
19	7.45	7.93	8.25	0.32
26	7.48	7.96	8.25	0.29
June 2	7.52	8.00	8.50	0.50
9	7.54	8.02	8.50	0.48
16	7.71	8.20	8.50	0.30
23	7.95	8.46	8.75	0.29
30*	8.04	8.55	8.75	0.20

* Average of rates available.

Prepared by Federal Reserve Bank of St. Louis

Released: June 30, 1978

MONETARY BASE AVERAGES OF DAILY FIGURES SEASONALLY ADJUSTED BY THIS BANK



LATEST DATA PLOTTED WEEK ENDING: JUNE 28, 1978

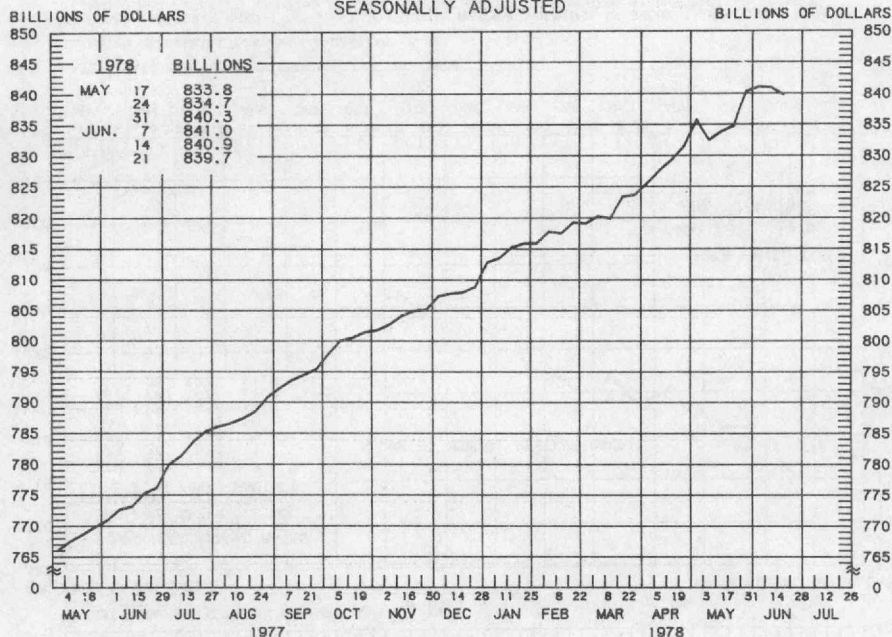
THE MONETARY BASE CONSISTS OF MEMBER BANK RESERVES AT THE FEDERAL RESERVE BANKS AND CURRENCY IN CIRCULATION (CURRENCY HELD BY THE PUBLIC AND IN THE VAULTS OF COMMERCIAL BANKS), ADJUSTED FOR RESERVE REQUIREMENT RATIO CHANGES AND SHIFTS IN THE SAME TYPE OF DEPOSITS BETWEEN BANKS WHERE DIFFERENT RESERVE REQUIREMENT RATIOS APPLY. THE MAJOR SOURCES OF THE MONETARY BASE ARE FEDERAL RESERVE CREDIT AND THE GOLD STOCK. DATA ARE COMPUTED BY THIS BANK. A DETAILED DESCRIPTION OF THE MONETARY BASE IS AVAILABLE FROM THE FEDERAL RESERVE BANK OF ST. LOUIS.

MONETARY BASE									
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:									
	6/29/77	9/28/77	11/30/77	12/28/77	1/25/78	3/1/78	3/29/78	4/26/78	
TO THE AVERAGE OF FOUR WEEKS ENDING:									
11/30/77	10.2								
12/28/77	9.7	9.1							
1/25/78	10.6	10.7	11.6						
3/1/78	10.5	10.5	10.9	12.6					
3/29/78	9.7	9.3	9.0	9.6	6.8				
4/26/78	9.5	9.2	8.8	9.2	7.2	5.5			
5/31/78	9.6	9.3	9.0	9.3	7.9	7.1	9.0		
6/28/78	9.8	9.6	9.4	9.8	8.7	8.3	10.0	10.8	

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK PLUS NET TIME DEPOSITS (M2)

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 21, 1978

CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

MONEY STOCK PLUS NET TIME DEPOSITS (M2)

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

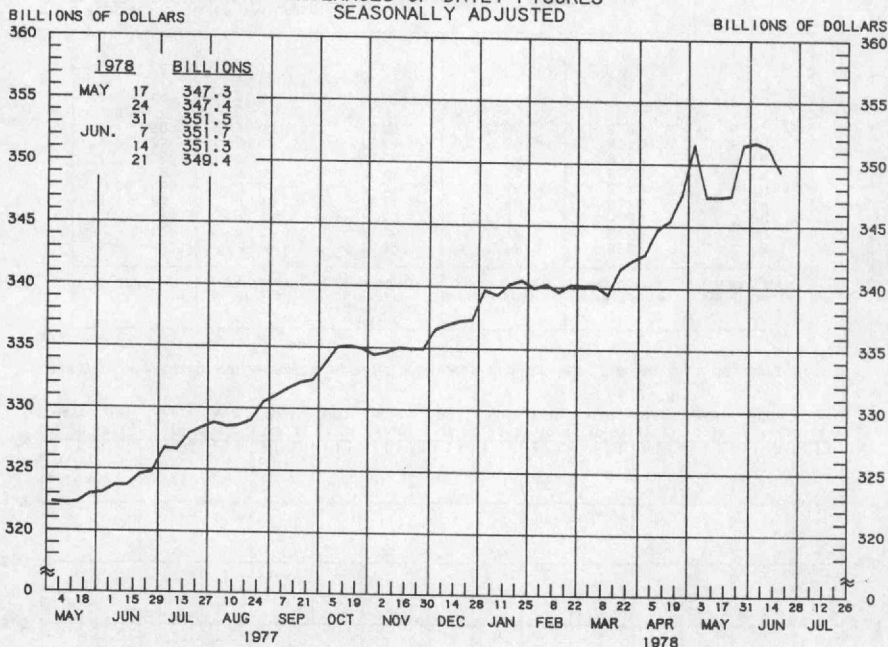
6/22/77 9/21/77 11/23/77 12/21/77 1/18/78 2/22/78 3/22/78 4/19/78

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

11/23/77	9.5								
12/21/77	9.0	7.4							
1/18/78	9.0	7.9	7.7						
2/22/78	8.7	7.6	7.2	7.8					
3/22/78	8.3	7.2	6.7	6.9	5.8				
4/19/78	8.4	7.5	7.3	7.6	7.0	7.4			
5/24/78	8.6	7.9	7.8	8.1	7.8	8.4	9.9		
6/21/78	8.7	8.1	8.1	8.5	8.3	8.9	10.1	10.2	

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONEY STOCK (M1)
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 21, 1978

CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

THE MONEY STOCK CONSISTS OF DEMAND DEPOSITS PLUS CURRENCY AND COIN HELD BY THE NONBANK PUBLIC.

MONEY STOCK (M1)

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

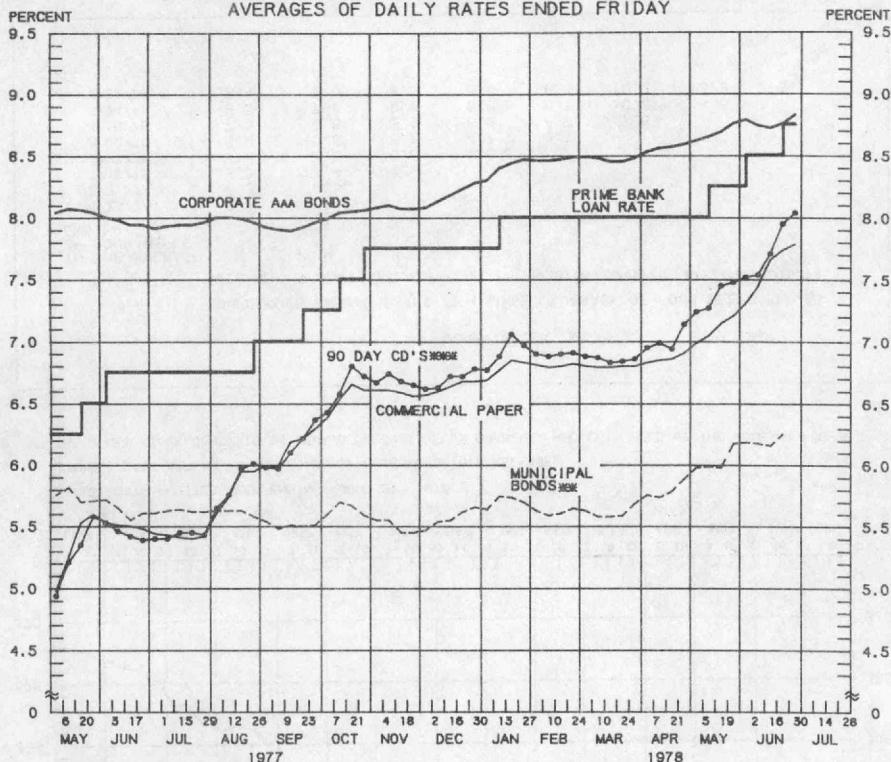
TO THE AVERAGE
OF FOUR WEEKS
ENDING:

	6/22/77	9/21/77	11/23/77	12/21/77	1/18/78	2/22/78	3/22/78	4/19/78
11/23/77	8.1							
12/21/77	7.9	6.3						
1/18/78	8.3	7.4	8.9					
2/22/78	7.5	6.3	6.5	6.3				
3/22/78	6.9	5.5	5.2	4.7	2.1			
4/19/78	7.5	6.6	6.9	6.9	5.7	7.5		
5/24/78	8.3	7.8	8.4	8.6	8.1	10.3	14.6	
6/21/78	8.4	8.0	8.6	8.9	8.5	10.2	13.2	12.7

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

YIELDS ON SELECTED SECURITIES

AVERAGES OF DAILY RATES ENDED FRIDAY



LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JUNE 30, 1978

1978		90 DAY CD'S %	PRIME COMMERCIAL PAPER 4-6 MONTH	PRIME BANKERS' ACCEPTANCES	CORPORATE AAA BONDS	MUNICIPAL BONDS %
MAY	5	7.24	6.99	7.18	8.62	5.98
	12	7.27	7.05	7.27	8.65	5.99
	19	7.45	7.15	7.35	8.69	5.98
	26	7.48	7.21	7.45	8.76	6.18
JUNE	2	7.52	7.31	7.48	8.79	6.18
	9	7.54	7.45	7.54	8.74	6.18
	16	7.71	7.66	7.74	8.72	6.18
	23	7.95	7.74	7.89	8.76	6.26
	30 *	8.04	7.79	7.94	8.83	N.A.
JULY	7					
	14					
	21					
	28					

* AVERAGES OF RATES AVAILABLE.

** BOND BUYER'S AVERAGE INDEX OF 20 MUNICIPAL BONDS, THURSDAY DATA.

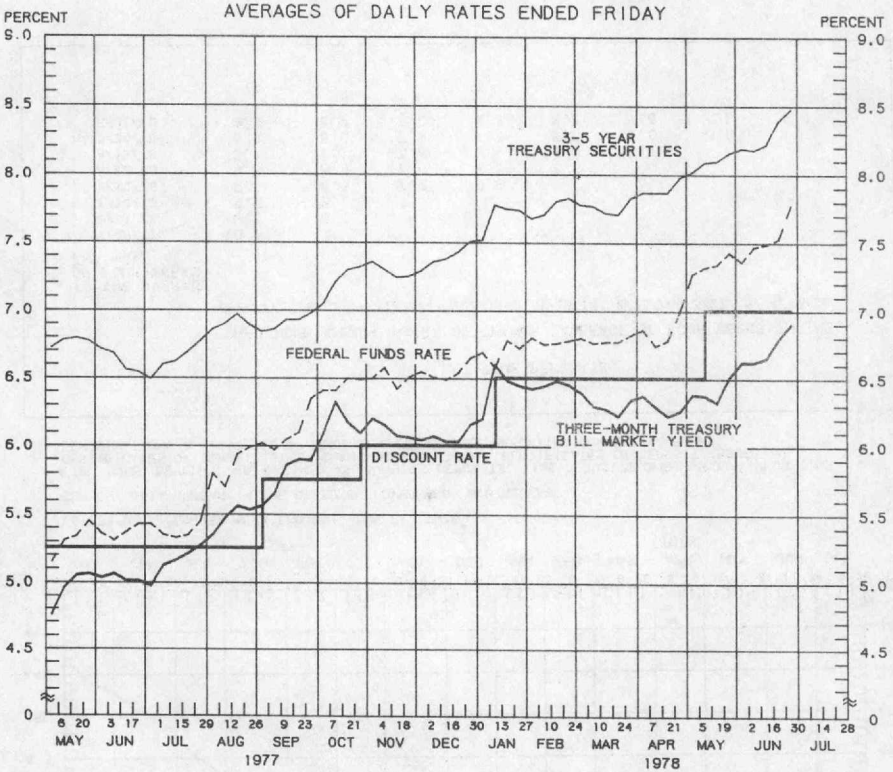
*** SEVEN-DAY AVERAGES OF SECONDARY MARKET RATES FOR THE WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATES SHOWN. CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.9 RELEASE.

N.A. - NOT AVAILABLE

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

SELECTED INTEREST RATES

AVERAGES OF DAILY RATES ENDED FRIDAY



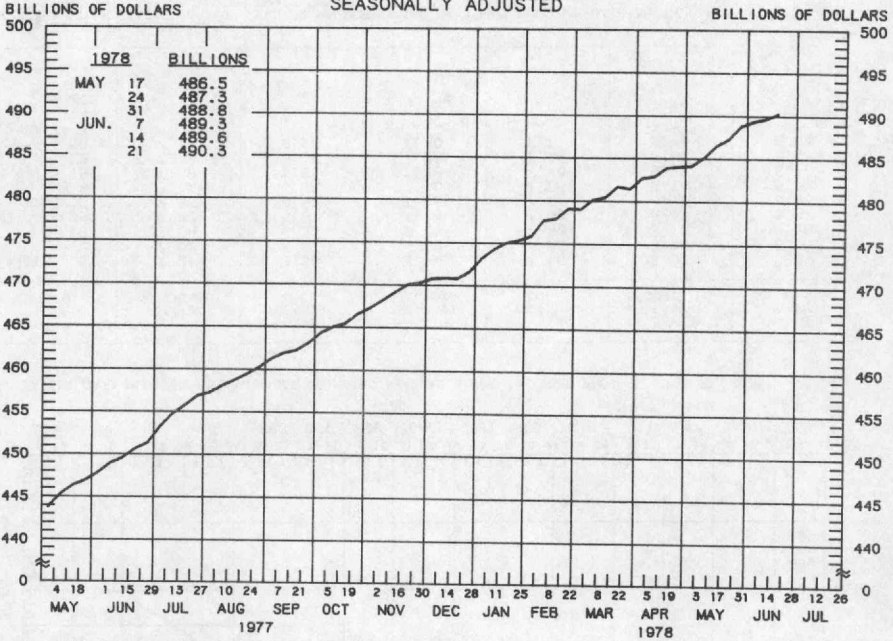
LATEST DATA PLOTTED ARE AVERAGES OF RATES AVAILABLE FOR THE WEEK ENDING: JUNE 30, 1978

1978		FEDERAL FUNDS RATE	3-MONTH TREASURY BILL	6-MONTH TREASURY BILL	1-YEAR TREASURY BILL	3-5 YEAR TREASURY SECURITIES	LONG-TERM TREASURY SECURITIES
MAY	5	7.27	6.38	6.94	7.16	8.02	8.31
	12	7.32	6.37	6.99	7.25	8.09	8.38
	19	7.34	6.32	7.01	7.32	8.10	8.36
JUNE	26	7.43	6.51	7.14	7.38	8.16	8.41
	2	7.36	6.62	7.16	7.37	8.19	8.43
	9	7.47	6.62	7.10	7.36	8.18	8.39
	16	7.49	6.65	7.12	7.46	8.22	8.40
JULY	23	7.53	6.79	7.23	7.64	8.39	8.48
	30	7.78	6.90	7.40	7.71	8.48	8.54
	7						
	14						
	21						
	28						

* AVERAGES OF RATES AVAILABLE
 ** SEVEN-DAY AVERAGES FOR WEEK ENDING WEDNESDAY TWO DAYS EARLIER THAN DATE SHOWN.
 *** CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H-9 RELEASE.
 **** NEW ISSUE RATE
 ***** RATES ON LONG-TERM TREASURY SECURITIES ARE COMPUTED BY THE FEDERAL RESERVE BANK OF ST. LOUIS.
 TREASURY BILL YIELDS ON DISCOUNT BASIS.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

NET TIME DEPOSITS
ALL COMMERCIAL BANKS
 AVERAGES OF DAILY FIGURES
 SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 21, 1978

CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

* NET TIME DEPOSITS ARE DEFINED AS: SAVINGS DEPOSITS, TIME DEPOSITS OPEN ACCOUNT PLUS TIME CERTIFICATES OF DEPOSIT OTHER THAN NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

NET TIME DEPOSITS

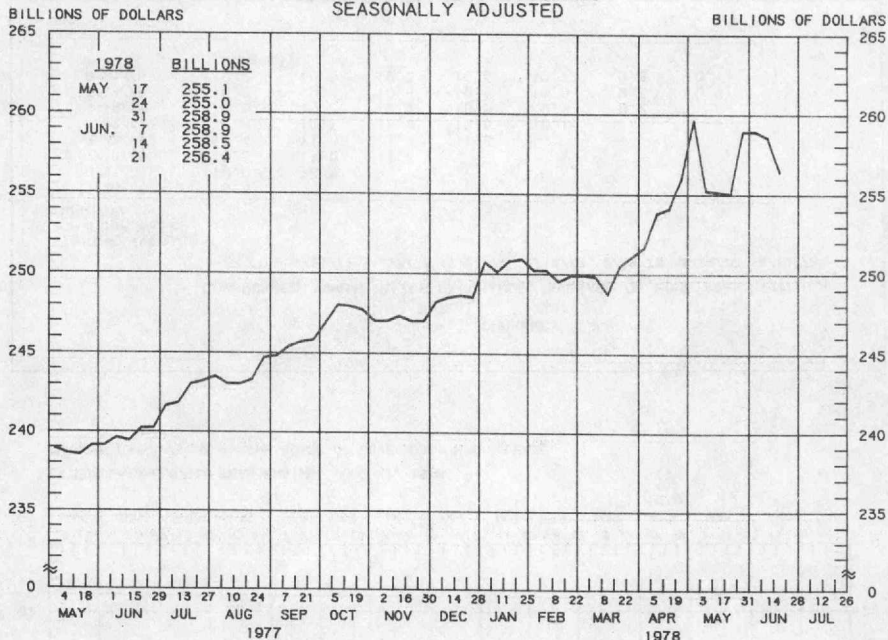
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

TO THE AVERAGE OF FOUR WEEKS ENDING:	6/22/77	9/21/77	11/23/77	12/21/77	1/18/78	2/22/78	3/22/78	4/19/78
11/23/77	10.5							
12/21/77	9.8	8.2						
1/18/78	9.6	8.2	7.0					
2/22/78	9.5	8.5	7.9	8.9				
3/22/78	9.3	8.4	7.8	8.5	8.6			
4/19/78	9.1	8.1	7.6	8.1	8.0	7.1		
5/24/78	8.9	8.0	7.5	7.8	7.7	7.0	6.8	
6/21/78	9.0	8.2	7.9	8.2	8.2	7.8	7.9	8.4

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 21, 1978

CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

DEMAND DEPOSIT COMPONENT OF MONEY STOCK

COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:

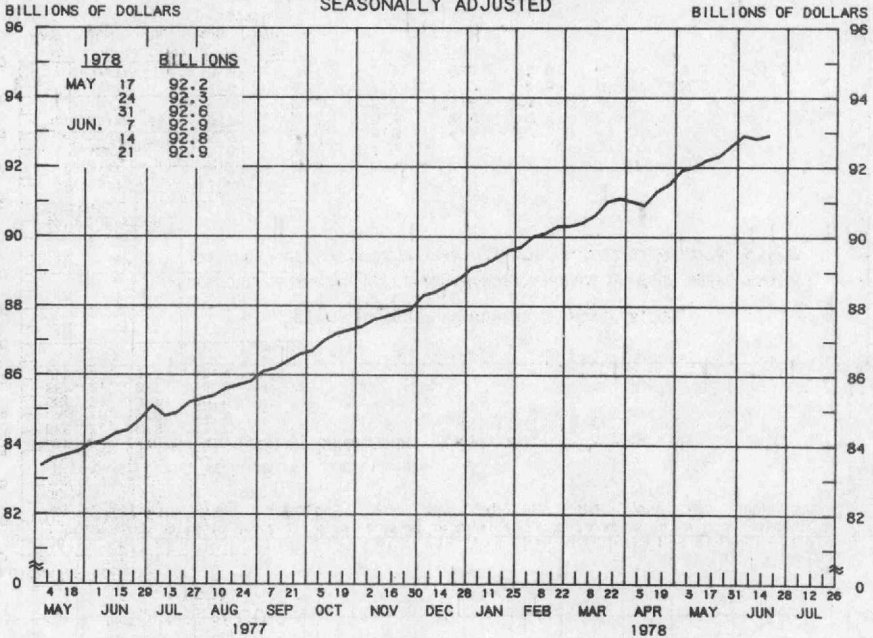
6/22/77 9/21/77 11/23/77 12/21/77 1/18/78 2/22/78 3/22/78 4/19/78

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

11/23/77	7.6						
12/21/77	7.2	4.8					
1/18/78	7.6	6.1	7.9				
2/22/78	6.5	4.7	4.8	4.5			
3/22/78	5.7	3.7	3.3	2.6	-0.7		
4/19/78	6.6	5.4	5.7	5.8	4.4	7.2	
5/24/78	7.5	6.7	7.5	7.9	7.3	10.3	16.0
6/21/78	7.8	7.1	7.9	8.3	7.9	10.4	14.3 13.2

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

**CURRENCY COMPONENT
OF MONEY STOCK
AVERAGES OF DAILY FIGURES
SEASONALLY ADJUSTED**



CURRENCY

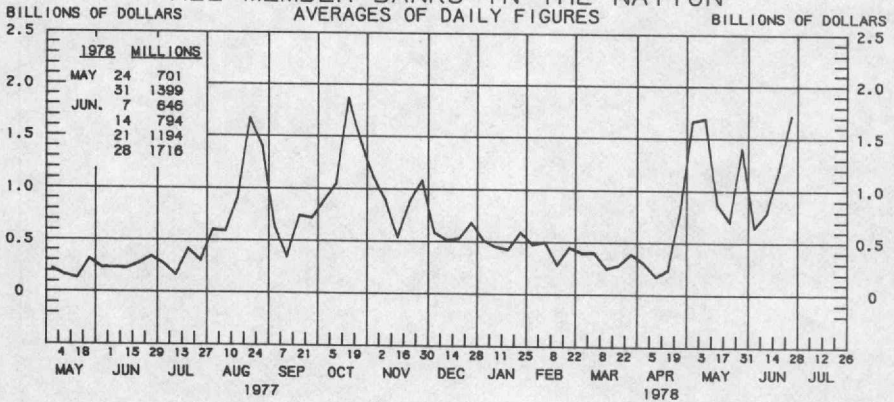
COMPOUNDED ANNUAL RATES OF CHANGE, AVERAGE OF FOUR WEEKS ENDING:
6/22/77 9/21/77 11/23/77 12/21/77 1/18/78 2/22/78 3/22/78 4/19/78

TO THE AVERAGE
OF FOUR WEEKS
ENDING:

11/23/77	9.8							
12/21/77	10.0	10.6						
1/18/78	10.3	11.0	11.7					
2/22/78	10.4	11.0	11.4	11.6				
3/22/78	10.3	10.7	10.8	10.8	10.1			
4/19/78	10.0	10.3	10.2	10.0	9.3	8.2		
5/24/78	10.2	10.5	10.5	10.5	10.0	9.7	10.0	
6/21/78	10.2	10.5	10.5	10.5	10.1	9.8	10.1	11.3

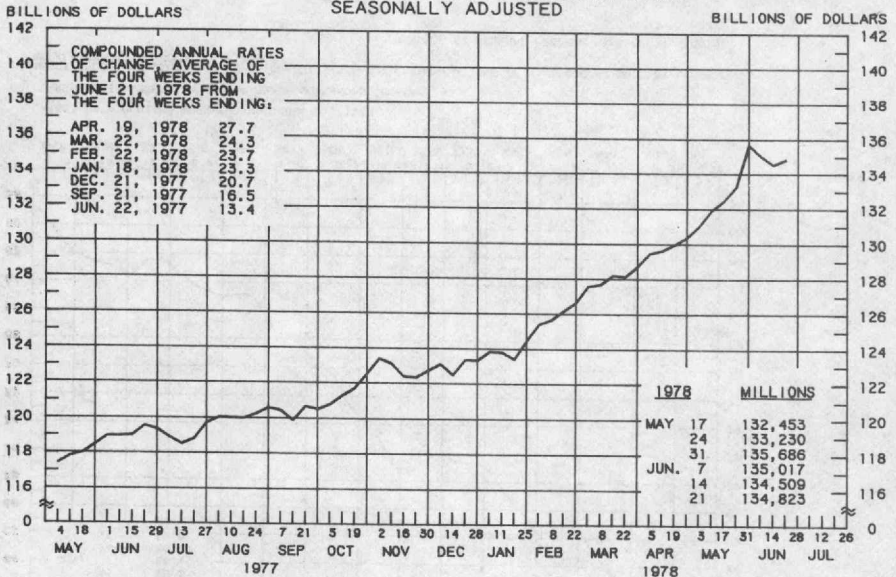
PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

BORROWINGS FROM FEDERAL RESERVE BANKS ALL MEMBER BANKS IN THE NATION



LATEST DATA PLOTTED WEEK ENDING: JUNE 28, 1978

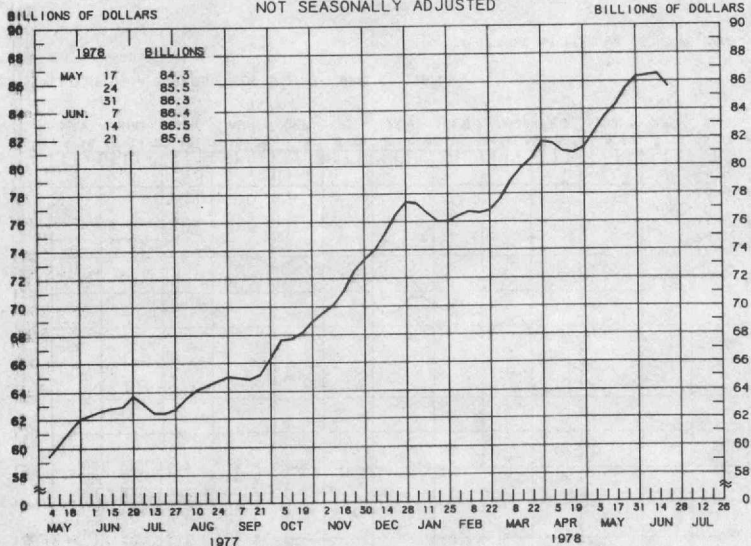
BUSINESS LOANS (COMMERCIAL AND INDUSTRIAL) WEEKLY REPORTING LARGE COMMERCIAL BANKS SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 21, 1978

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

CERTIFICATES OF DEPOSIT
LARGE COMMERCIAL BANKS
 WEDNESDAY FIGURES
 NOT SEASONALLY ADJUSTED



LATEST DATA PLOTTED WEEK ENDING: JUNE 21, 1978

CURRENT DATA APPEAR IN THE BOARD OF GOVERNORS' H.6 RELEASE.

NEGOTIABLE TIME CERTIFICATES OF DEPOSIT ISSUED IN DENOMINATIONS OF \$100,000 OR MORE BY LARGE WEEKLY REPORTING COMMERCIAL BANKS.

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS